
Ms. Fozia Sajad¹, Dr. Mushtaq Ahmad Bhat²

¹,²Department of Commerce, Kashmir University (India)

ABSTRACT

Customer satisfaction is the starting point to build customer loyalty and therefore, a long-term relationship with them. The products of excellence can survive in the market if proper customer care and services are rendered and the business solutions can be made simple if the post purchase services are rendered with honesty and integrity. Since, the customer's satisfaction is associated with the repurchase intention of the customers, customer care and services are important for the service providers to enhance both satisfaction and retention. Further, the dynamic process of development coupled with structural, financial and technological changes have given birth to stiff competition not only from cellular sector but also from other service sectors. In view of these developments, an attempt has been made in the present paper to measure customer satisfaction and loyalty in cellular industry of Kashmir Valley so as to meet the growing needs of cellular customers. Based on data gathered, with the help of statistically-tested research instrument, from four hundred (400) respondents, the study concludes relatively higher level of customer satisfaction and customer loyalty in Airtel and Vodafone as compared to Aircel and BSNL cellular service operators and suggests an overall improvement in all elements of customer satisfaction and loyalty to augment the overall service experience so as to cultivate trust and faith among cellular service customers.

Keywords: Customer Satisfaction, Customer Loyalty, Cellular Companies and Kashmir Valley.

I. INTRODUCTION

Cellular service companies, like other companies, consider customers to be as their most important assets and as a result of this philosophy, they are transforming their organizations to meet the demands of new competitive environments. Cellular companies are also recognizing that customers can be particularly valuable resource for incremental profit and development and the key to successful transformation is that they become more customers driven. Moreover, the fiercely competitive marketplace is characterized by similarly priced, look-alike services from a variety of mobile service providers and a big market share will be gained by the ones that provide excellent service quality. Delivering quality to customers is essential to a company's well-being because it results in retaining the current customers, getting new customers, provides more protection from price competition, and doing lesser mistakes. Furthermore, the supremacy of customers is captured by a simple motto that: 'the customer is the king' i.e. a company produces 'value' only when a customer judges the products and the services received to meet his or her expectations. When this condition is met, customers become loyal and are even willing to pay higher prices. On the other hand, when customers feel dissatisfied, other competitors can easily tempt them and in such a situation even a sound company can lose its customers and become unsuccessful and unprofitable. Marketing researchers [1] argued that one underlying difficulty for companies stems from their inability to precisely identify and meet their customers' shifting needs. Therefore, it is believed that customer satisfaction and loyalty should be the primary target for every firm and customers should be regarded as the most important group of all the stakeholders. As such, cellular companies should engage a wide range of resources to achieve both customer satisfaction and loyalty.

Numerous research studies showed that companies can generate more profit through retaining their current customers rather than to attain previous ones [2]. Furthermore, it is also observed that loyal customers are less interested in changing the company because of price and they are also engaged in positive word-of-mouth communication and refer it to other customers [3] & [4]. Many researchers [5] claimed that "a dissatisfied customer is more likely to search for information on alternatives and more likely to yield to competitor overtures than is a satisfied customer". These annotations point to the significance of customer satisfaction and loyalty which provides growth and continued survival.
for the companies operating in service sector. Customer satisfaction and loyalty, therefore, is desired by all service companies as it is an established fact that it is cheaper to retain a current customer than to win a new one [6]. It is also concluded that customer service is an important driver of customer equity and as such should be a high priority when attracting and keeping the right profitable customers [7]. In light of the above-mentioned research studies, it can safely be argued that smart companies aim to delight customers by promising not only what they can deliver, then delivering more than they promise.

II. OBJECTIVES OF THE STUDY

In view of the growing importance of customer satisfaction and loyalty for cellular service companies’ survival and success, an attempt has been made in the present study to measure customer satisfaction and loyalty in cellular service companies, under study, in district Srinagar of Kashmir Valley. Such an analysis will provide cellular companies a quantitative estimate of their services being perceived by their respective customers and also to suggest, on the basis of the study results, ways and means for improving customer satisfaction and loyalty in cellular companies.

III. LITERATURE REVIEW

Customer Satisfaction

Customer-centered companies have emphasized a better understanding of customers’ needs and wants and then translated them into the capability to give customers what they really need and want. Simply stated, customer satisfaction is essential for corporate survival or existence. Customer satisfaction is defined as the result of a cognitive and affective evaluation, where some comparison standard is compared to the actual perceived performance. If the perceived performance is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customers will be satisfied. Otherwise, if the perceived expectations are met with performance, customers are in an indifferent or neutral stage. In general, increased customer satisfaction leads to higher customer retention rate, increase in customer repurchases behavior and higher profitability.

Satisfaction is regarded as a short term emotional state that results from an intrapersonal comparison of the customer’s expectations with the evaluation of a single product or service encounter. Customer satisfaction has been defined as “a person’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to his/her expectations” [8]. Other researchers defined customer satisfaction as the feeling or attitude of customers towards a product/service after it has been used [9] & [10]. Generally, researchers [11] state that there are two general conceptualizations of satisfaction, namely, transaction specific satisfaction and cumulative satisfaction. Transaction-specific satisfaction has been defined as a customer’s evaluation of his or her experience and reactions to a particular service encounter [12] and cumulative satisfaction has been defined as the customer’s overall evaluation of the consumption experience to date [13].

Customer satisfaction with a company’s products or services is often seen as the key to a company’s success and long-term competitiveness. Customer satisfaction has developed extensively as a basic construct for monitoring and controlling activities in the relationship marketing concept. Several researchers [14] are of the opinion that there are two important issues that need to be clarified when researching customer satisfaction in services are whether satisfaction is conceptualized as facet (attribute specific) or as overall (aggregate); and whether it is viewed as transaction-specific (encounter satisfaction) or as cumulative (satisfaction over time). However, according to some researchers [15] satisfaction is conceptualized as an overall customer attitude towards a service provider whereas other researchers [16] claimed that customer satisfaction is the accumulated experience of a customer’s purchase and consumption experiences.

The above discussion leads us to the conclusion that customer satisfaction depends on the product’s perceived performance relative to buyer’s expectations. In other words, researchers [17] state that if the product’s performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted. Highly satisfied customers makes repeat purchases and tell others about their good experiences with the product. Research study has found that companies can counter competition effectively by changing their strategy of product-selling philosophy to consumer oriented marketing philosophy and the customer centered approach will help the service providers to deliver superior value to target customer and thereby influence profits [18].

Customer Loyalty

The research of loyalty construct has evolved over the time. Earlier, the focus of loyalty construct was primarily on product-related or with respect to tangible goods which focused on brand loyalty [19], [20] & [21]. Brand loyalty is defined as “the proportion of purchases of a household devoted to the brand it purchased most often” [19]. Later the spectrum was widened into store as opposed to brand loyalty by using the same measures with brand loyalty [22]. Further, marketing researchers [23] have extended the concept of loyalty to intangible products. In other words, service quality is viewed as a key antecedent to loyalty [24]. However, there are a number of reasons why findings in the field
of product loyalty cannot be generalized to service loyalty [23]. Service loyalty is more dependent on the development of interpersonal relationships as opposed to loyalty with tangible products [25] for person-to-person interactions form an essential element in the marketing of services [26], [27], & [28].

Customer loyalty can be defined in two distinct ways. First, loyalty is an attitude. Different feelings create an individual’s overall attachment to a product, service or organization. These feelings define the individual’s (purely cognitive) degree of loyalty. The second definition of loyalty is behavioral. Examples of loyalty behavior include continuing to purchase services from the same supplier, increasing the scale and or scope of a relationship, or the act of recommendation [29]. Customer loyalty is developed over a period of time from a consistent record of meeting and sometimes even exceeding customer expectations [30]. Several researchers [31] asserted that the cost of attracting a new customer may be five times the cost of keeping a current customer happy while some [23] noted that the degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service exists. Many researchers [32] states that loyalty is a multi-dimensional construct and includes both positive and negative responses. However, a loyal customer may not necessarily be a satisfied customer. Though some researchers [33] noted that it is not always the case that customer defection is the inverse to loyalty, while other [15] suggested that even if a problem is not solved, approximately half of the customers would remain with the firm.

Customer loyalty is not always easy to construe and many definitions have been proposed. Customer loyalty is not customer satisfaction. Satisfaction is necessary but not sufficient criterion. We know that satisfied to very satisfied customers sometimes switch to competitors. According to some researchers [34] & [35] customer loyalty is not a response to trial offers or incentives. Customers who react to incentives are often highly disloyal and they often leave as fast as they came. They are very much inclined to respond to a competitor’s incentive. Customer loyalty is not a high market share. High level of market share can also be influenced by other factors such as poor performance by competitors or price issues. Customer loyalty is not repeat buying or habitual buying. Some of the consumers choose products because of convenience or habits and they can be tempted to defect for any reason. Marketing researchers [35] describe customer loyalty driven by customer satisfaction, which involves a commitment on the part of the customer to make a sustained investment in an ongoing relationship with a brand or company [36]. Customer loyalty is reflected by a combination of attitudes (intention to buy again and/or buy additional products or services from the same company, willingness to recommend the company to others, commitment to the company demonstrated by a resistance to switching to a competitor) and behaviors (repeat purchasing, purchasing more and different products or services from the same company, recommending the company to others). Loyalty has been defined by practitioners [37] as “a deeply held commitment to re-buy or patronize a preferred product/service consistently in the future, thereby causing repetitive same brand purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior”. Loyalty has also been described as “an unspecified number of repeat purchases from the same supplier over a specified period” [38]. Numerous researchers have tried to find relevant antecedents and their role in creating customer loyalty. Service quality, customer satisfaction, corporate image, word-of-mouth communication, perceived value have been proposed as antecedents of loyalty by various researchers [39], [40], [39], [41], [42] & [43] and these variables are also taken as driving force of competitive advantage and corporate success [44], [45], [46] & [47].

It can be concluded from the above discussion that although loyalty might be the strongest determinant of purchase behavior according to some researchers [48] yet, there is no guarantee that loyal customers never switch. For example, as per a research [49] it was found that better prices and service delivery from competitors might break down loyalty. With regard to loyalty and switching, few researchers [24] have also reported that loyalty measures must include reference not only to a consumer’s attraction to a brand but also to the consumer’s vulnerability to switching. Further, researchers [50] have also explained the relationships among satisfaction, loyalty, and switching in their catastrophe theory and reported that satisfaction affects loyalty in a nonlinear fashion. In other words, loyalty has a more complex relationship with satisfaction resulting from the tendency of loyalty to persist in the presence of switching incentives [51].

IV. SAMPLE DESIGN

Keeping in the view the paucity of time and financial resources, the present study was limited to district Srinagar of Kashmir valley. District Srinagar is further divided into eight assembly constituencies and out of eight, four assembly constituencies were selected for the present study. The selected constituencies have significant relationship with the sampled companies in terms of customer density, geographical presence and competition which resulted the selection of four cellular service operators namely Airtel, Vodafone, Aircel and BSNL. The size of the sample was limited to four hundred (400) respondents selected from four (4) cellular companies. Convenience sampling was, however, followed for the present study. All-important demographic characteristics like age, gender, level of education, time of network experience, connection type, were taken into consideration while seeking the response from the customers regarding their perception of service quality in cellular industry. All these aspects have an important bearing on the user’s evaluation of cellular services. The effort was made to give a balanced representation to above demographic characteristics to make the sample representative.
A sizeable number of respondents belonged to the age group of 20 years (59.5%) followed by the age group of 21-30 years (26.5%) and above 30 years (14.25%). In terms of gender the sample comprises of 57.5% males and 42.5% females. The data further showed that under-graduates were heavy participants (36.25%) followed by post-graduates (33%) and graduates (30.75%). Respondents with network experience of more than a year were highest in number (75%) followed by the respondents having network experience of up to 7-12 months (14.5%) whereas respondents having network experience of up to 6 months were least in number (10.5%). As per connection type, majority of the respondents in the sample belonged to prepaid category (79.5%) followed by postpaid category (20.5%).

V. RESEARCH INSTRUMENT

The questionnaire used for collecting the primary data from the customers was designed after proper consultation and discussion with experts of the subject and after reviewing the relevant literature. The questionnaire was divided into two parts. The first part was designed to measure the customer satisfaction and loyalty construct and the second part of the questionnaire contained questions relating to socio-demographic data about the respondents. For measuring the first construct i.e. customer satisfaction, a scale developed by researchers [52] has been adapted [53], [54] & [55]. However, for measuring the loyalty construct, the elements proposed by researchers [56] have been used [57], [54] & [58] [55]. The scales were ordered regressively as highly satisfied (9) to highly dissatisfied (1). The researcher introduced the tool of measurement in such a way that it briefly illustrated the topic of the study and procedures of response. The study was conducted in district Srinagar of Kashmir valley for four months during the year of 2013. A convenience sampling approach was employed, in which four hundred (400) questionnaires were distributed to the cellular customers who agreed to participate in the survey. The customers completed the questionnaires in presence of the researcher.

VI. CRONBACH’S ALPHA TEST OF RELIABILITY

Cronbach’s Alpha Test of Reliability is the most popular estimate for measuring the internal consistency (reliability) of items in a scale. In other words it measures the extent to which the responses collected for a given item correlates with each other [59]. The results of this test produce an α-score, which is a number ranging between 0 and 1. The higher an α-score, the more reliable the measured construct is [59]. Furthermore, according to researchers [60] score exceeding 0.7 indicates high internal reliability of the scale items, but there are still researchers who use different cut-off α-scores like 0.8 or even 0.6 [59]. However, the scores increase when the number of items in a scale increases [59]. In order to prove the internal reliability of the scale used, the researcher performed Cronbach’s Alpha Test of Reliability. The Cronbach’s α scores for customer satisfaction (.893) and customer loyalty (.740) are highly acceptable reliability coefficient [61] and exceeded the acceptable cut-off point of 0.70.

Table 1.2 - Reliability Result Score

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Scale</th>
<th>No. of items</th>
<th>Cronbach’s Alpha Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer Satisfaction</td>
<td>5</td>
<td>.893</td>
</tr>
<tr>
<td>2</td>
<td>Customer Loyalty</td>
<td>5</td>
<td>.740</td>
</tr>
</tbody>
</table>

VII. STUDY RESULTS AND ANALYSIS

Customer Satisfaction and Customer Loyalty in Cellular Service Companies

In the present study, the main area of questioning and analysis relates to measuring customer satisfaction and loyalty and analyzing the relationship between the two. Customer satisfaction and loyalty were measured on a nine point strongly disagree/strongly agree likert’s scale. Mean differences for customers’ satisfaction and loyalty were calculated separately for each cellular company, under study and simple linear regression analyses was performed to show the association between the two constructs. In order to measure the overall customer satisfaction and customer loyalty of sample organization, mean scores averaged on all elements of customer satisfaction and loyalty were calculated separately for each service provider, under study. The data in Table1.3 presents information regarding the overall customer satisfaction and loyalty scores in cellular service companies.

Table: 1.3- Comparative Customer Satisfaction and Customer Loyalty Scores

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Dimensions</th>
<th>Airtel</th>
<th>Vodafone</th>
<th>Aircel</th>
<th>BSNL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer Satisfaction (Averaged on all Elements)</td>
<td>6.98</td>
<td>6.65</td>
<td>6.44</td>
<td>5.42</td>
</tr>
</tbody>
</table>
2. | Customer Loyalty (Averaged on all Elements) | 6.48 | 6.06 | 5.95 | 5.28 |
---|---|---|---|---|
3. | Rank | 1 | 2 | 3 | 4 |

From the analyses of the Table 1.3 it is quite evident that the respondents of Airtel and Vodafone have reported relatively higher level of satisfaction as reflected by their respective mean scores (6.98, 6.65 respectively) whereas the respondents of Aircel and BSNL have reported relatively lower level of satisfaction (6.44, 5.42 respectively). Again the data on the above Table (1.3) shows that the respondents of Airtel and Vodafone have reported relatively higher level of loyalty as is evident by their respective mean scores (6.48, 6.06 respectively) whereas the respondents of Aircel and BSNL have reported relatively lower level of loyalty (5.95, 5.28 respectively).

VIII. RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

In order to test the relationship between customer satisfaction and customer loyalty simple linear regression analyses was used. The results of such analyses are presented in Table 1.4 to 1.6

Table 1.4: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.848*</td>
<td>.720</td>
<td>.719</td>
<td>.96537</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), SATISFACTION

Table 1.5: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>953.453</td>
<td>1</td>
<td>953.453</td>
<td>1.023E3</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>370.908</td>
<td>398</td>
<td>.932</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1324.362</td>
<td>399</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), SATISFACTION; Dependent variable: Loyalty

Table 1.6: Coefficients*

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Constant Satisfaction</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td></td>
<td>.996</td>
<td>.162</td>
<td>.848</td>
<td>6.151</td>
</tr>
<tr>
<td></td>
<td>.776</td>
<td>.024</td>
<td></td>
<td>31.986</td>
</tr>
</tbody>
</table>

a. Dependent Variable: LOYALTY

The findings reveal an F-statistics of 1.023E3 with a corresponding P-value less than 0.05, indicating a model fit for the relationship. Further, R value of .848 confirms strong relationship between customer satisfaction and loyalty and R square (coefficients of determination) shows value of .720 which indicates that 72% variance in the customer satisfaction is explained by customer loyalty. Moreover, positive beta coefficients of .848 and significant t-value (p<0.05) confirms that customer satisfaction is positively, significantly and strongly related to customer loyalty, which indicates that higher level of customer satisfaction results in higher levels of customer loyalty. Therefore, customer satisfaction is positively co-related with customer loyalty

CONCLUSION AND MANAGERIAL IMPLICATIONS

Customer loyalty happens when customers are highly satisfied, there is repeated purchasing by the same customers and their willingness to recommend the product to other customers without any outright benefits [62] and eventually the repeated usages would generate positive and quantifiable financial results [63]. Therefore, the management’s greatest
challenge lies not only on attracting customers but specifically on identifying customer satisfaction and loyalty individually. Present study was designed to achieve the said objective.

The analysis of customer satisfaction and customer loyalty scores reveal that the respondents of Airtel and Vodafone have reported relatively higher level of customer satisfaction (6.98, 6.65 respectively) and customer loyalty (6.48, 6.06 respectively) as reported by their respective respondents in comparison to Aircel and BSNL cellular service operators. The results of regression analysis concluded that the customer satisfaction provided by the cellular operators is positively, significantly and strongly related to customer loyalty which indicates that higher levels of customer satisfaction brings about higher level of customer loyalty and the more positive intentions of the customers regarding continuation of services from the same service provider.

There is a general consensus among customer relationship marketing practitioners [64], [37], [65], [66], [67] & [8] that no business can survive without its customers. It is, therefore, critical that organizations form a close working relationship with their customers and invest in managing their relationships with them in such a way that customers whose loyalty is in the short term will continue to be loyal in the long term. The research instrument used in the present study, if implemented in the right perspective, will surely go a long way in identifying the cellular service attributes that are most likely to be the source of visible customer value in order to delight the customers than merely satisfying them. The results of this study will also provide a direction to the mobile operators, to focus on both firm as well as interpersonal factors to attract new and retain existing customers in order to meet/beat competition.

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